

## LONG-TERM CARE EXPENDITURES FOR OLDER ADULTS REPORTED FOR SFY 2000

Once State Fiscal Year 2000 data for the disabled is available, a similar report will be prepared for this population as well as a report giving an overall view of North Carolina's long-term care expenditures for the elderly and disabled in SFY 2000. These two additional reports will be completed by May 2000.

### North Carolina's Total Expenditures for Older Adults (Persons 60+)

- ◆ The following state agencies reported total expenditures of approximately \$ 2.2 billion in SFY 2000 for persons 60+. This represents an increase of approximately 9% over SFY 99 (approximately \$2 billion)
- ◆ Agencies reporting expenditures for older adults include the following:

⇒ Division of Aging	⇒ Division of Services for the Blind
⇒ Division of Medical Assistance	⇒ Division of Social Services
⇒ Division of Mental Health, Developmental Disabilities and Substance Abuse Services	⇒ Division of Vocational Rehabilitation
⇒ Public Health	⇒ Department of Transportation

*Note: Expenditures do not include any Medicare expenditures with the exception of Medicare premiums, co-pays, and deductibles that Medicaid is required to pay for certain persons.*

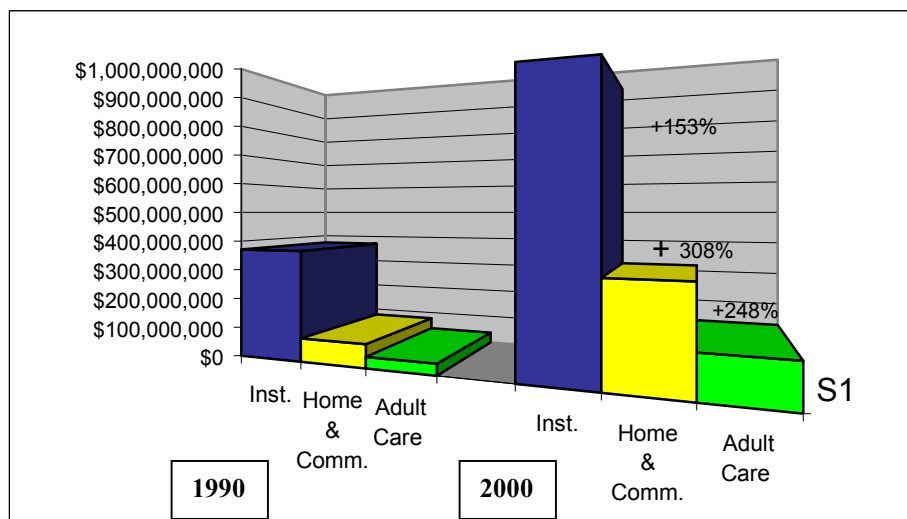
### North Carolina's Long-Term Care Expenditures for Older Adults

- ◆ Since 1990, the first year these expenditures were tracked in a systematic way, long-term care spending for older adults has increased from approximately \$486 million to \$1.38 billion in SFY 2000 (185%). **During this same time period, the state's 60+ population increased by 22%.**
- ◆ Long-term care expenditures of \$1.38 billion in SFY 2000 represent 64% of total spending for older adults; a net increase of approximately \$61.5 million (4.6%) over SFY 1999.
- ◆ Medicaid expenditures accounted for 92% of the \$61.5 million increase.
- ◆ When considering Medicaid increases only between 1999 and 2000 (\$68.6 million), 57% was spent for home and community care, 28% for institutional care, and 15% for adult care homes. Even with the significant growth in Medicaid spending for non-institutional long-term care in recent years, overall, 71% of Medicaid long-term care expenditures go for institutional care compared to 24% for home and community care and 5% for adult care homes.
- ◆ Medicaid expenditures accounted for 80% of all long-term care spending in SFY 2000 compared to 79% in 1999.
- ◆ The ratio of non-institutional long-term care spending to other settings of care (home and community care, institutional, and adult care homes) continued to shift more toward non-institutionalized care between SFY 99 and SFY 2000. The table below shows the shift in expenditures away from institutional care.

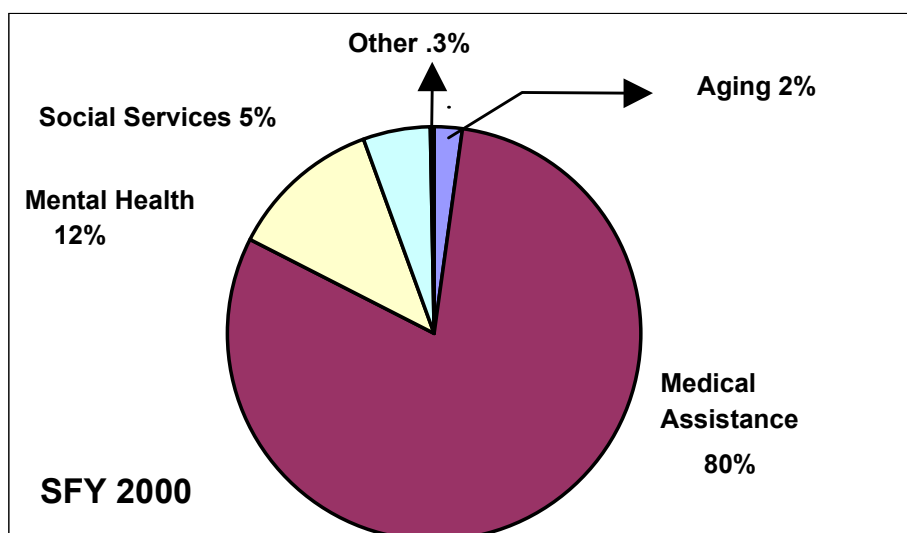
<u>Category</u>	<u>1990</u>	<u>1999</u>	<u>2000</u>
Home & Community Care	16.05%	20.8%	22.95%
Institutional	76.21%	70.41%	67.59%
Adult Care Homes	7.75%	8.74%	9.46%

*Note: Institutional care includes nursing home, intermediate care for the mentally retarded (ICF-MR), mental health/substance abuse inpatient care, and mental retardation center expenditures.*

- ◆ The chart below shows the relative growth of total long-term care expenditures for older adults by category (institutional, home and community, and adult care homes) between 1990 and 2000.

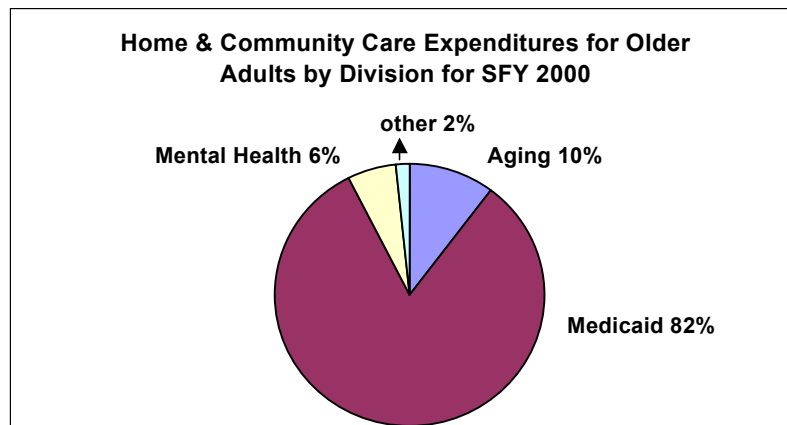


- ◆ The chart below shows total long-term care spending in SFY 2000 by Division.



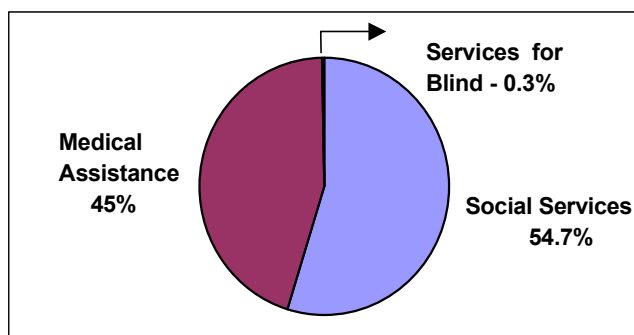
*Note: Other includes Services for the Blind and Public Health*

- ◆ Consistent with prior years, Medicaid accounted for the vast majority (82%) of Home and Community Care expenditures (up 2% from 1999).

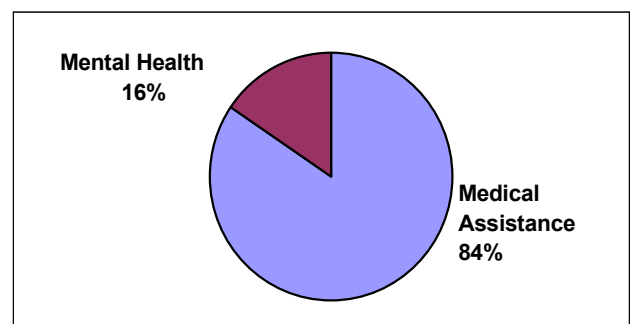


*Note: Other includes the Divisions of: Social Services, Services for the Blind, and Public Health*

- ◆ The chart below shows the ratio of spending, by Division, for care in adult care homes.



- ◆ The chart below shows the ratio of spending, by Division, on institutional care.



- ◆ When considering growth in Medicaid long-term care expenditures only, on a percentage basis, expenditures for non-institutional care have grown more rapidly than institutional care. The table that follows shows the percentage growth between the years indicated for several major Medicaid funded long-term care services. Nursing home expenditures continue to account for the greatest growth in total dollars.

<u>Service</u>	<u>Expenditure Increase between SFY's 92 &amp; 2000</u>	<u>Total Dollar Increase</u>
Nursing Home	+102%	\$379 million
Personal Care (in-home)	+303%	\$ 56 million
CAP-DA	+460%	\$115 million
Home Health	+168%	\$ 21 million
Adult Care Homes*	+ 89%	\$ 26 million

*Note: Doesn't reflect the same time period as other services listed since Medicaid coverage of Personal Care Services (PCS) in adult care homes did not begin until SFY 96.*

- ◆ The table below shows growth of the same Medicaid services listed above for the one year period between SFY 99 and SFY 2000. Personal Care Services and CAP-DA had the greatest dollar growth. Nursing home expenditures were the lowest when comparing percentage growth in services.

<u>Service</u>	<u>Expenditure Increase between SFY's 99 &amp; 2000</u>	<u>Total Dollar Increase</u>
Nursing Home	+ 2.1%	\$15.7 million
Personal Care (in-home)	+28.4%	\$16.5 million
CAP-DA	+13.8%	\$17.0 million
Home Health	+14.7%	\$ 4.4 million
Adult Care Home (PCS)	+21.2 %	\$ 9.9 million

- ◆ Some of the key reasons (exclusive of reimbursement increases) that Medicaid home and community care and adult care home expenditures have grown more rapidly than nursing home care include the following:
  - Effective January 1, 1995, aged, blind, and disabled adults receiving Supplemental Security Income became categorically eligible for Medicaid (equated to about 74% of the poverty level).
  - Effective January 1, 1999, the categorical income eligibility level was raised to 100% of poverty for the aged, blind, and disabled. This enabled many more low-income older adults to receive home and community based care and other Medicaid services.
  - Beginning in SFY 1996, reimbursement for Personal Care Services was authorized for adult care home residents as was care management for "heavy care" residents.
  - Significant increase in the number of Medicaid eligibles using Personal Care Services.
  - The number of CAP-DA state allocations available has increased by 168% between SFY 92 and SFY 2001 and the number of CAP-DA counties grew from 61 in 1992 to 100 in 1996. Grant funding from the Kate B. Reynolds Trust administered by the Duke Long-Term Care Resources Program helped to expand CAP-DA to all 100 counties.
  - Nursing home occupancy rates have declined from about 95% in 1995 to 91% in 1999.
  - In spite of a moratorium on new adult care homes in place since August 1997 (allowed for certain exclusions to the moratorium), approximately 10,000 new adult care home beds have been licensed.